GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:4303
ANSWERED ON:21.08.2001
PRODUCTION COST OF CHEMICAL FERTILISERS
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the present production cost of chemical and fertilizers in the country in comparison to the international level;

(b) whether the cost of chemical and fertilizers in the country is very high; and

(c) if so, the reasons therefor and the steps likely to be taken to reduce the same?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI S.B. MOOKHERJEE)

(a)to(c): The production cost of chemical fertilizers in the country varies from unit to unit depending upon the technology, feed stock used, vintage of the plant, distance from source of raw materials etc. The production cost of chemical fertilizers in the country is currently higher than the international price. The reason for higher cost is mainly on account of higher feedstock/raw material cost in India. In the case of nitrogenous fertilizers, plants in the exporting countries are generally based on natural gas. As per available information, the cost of natural gas in those countries is around US$ 1 per million BTU or less, whereas in India the delivered cost is US $ 2 for the plants based on gas at land fall point and US $ 2.5 to 2.6 for the plants based on gas located on HBJ pipeline. The feedstock cost of the plants based on naphtha and fuel oil is still higher. The delivered cost of naphtha at the factory gate is more than US $ 7 and that of fuel oil is in the range of US $ 6 per million BTU. The reason for high production cost of urea in the country as compared to the international level is due to constraints in the availability of natural gas which is the preferred feed stock for production of urea. Efforts are under way to import LNG formanufacture of urea, which is likely to be cheaper than naphtha, for manufacture of urea.

In regard to phosphatic fertilizers, the cost of DAP manufactured in Indiawith imported intermediates works out higher than the landed cost of DAP itself.